

PART III - LIST OF DOCUMENTS, EXHIBITS, AND OTHER ATTACHMENTS

SECTION J – LIST OF ATTACHMENTS

ATTACHMENT J-9: REGIONAL PURCHASING PROGRAM

EM is committed to building a strong supplier base in northern New Mexico businesses and the local Native American pueblos and tribes in the purchases of goods and services. Since 1995, through its procurement policies and a regional purchasing program, Contractors have strengthened the regional business enterprise, stimulated greater regional employment and infrastructure, increased the business tax base in northern New Mexico, and worked hard to reduce regional dependence on federal investment. This Program provides more substantive preferences to northern New Mexico businesses and local Native American pueblos and tribes through a pricing preference, supplier assistance, regional procurement advisory efforts, and a sustainable procurement strategy.

The Contractor must appreciate the contract work scopes' potential impact on the local and regional economy, and commit to benefiting the northern New Mexico Community (which includes Taos, Santa Fe, Rio Arriba, Sandoval, Mora, San Miguel, and Los Alamos Counties, and the eight regional Pueblos of Nambe, Picuris, Pojoaque, San Ildefonso, San Juan, Santa Clara, Taos, and Tesuque) in the future.

The Contractor's Regional Purchasing Program will contribute to the continued economic development of northern New Mexico while continuing to meet EM program expectations.

The Contractor must make efforts to evaluate the necessity to have certain services performed on site or whether it is feasible and/or cost-effective to outsource these activities. As contracts come up for renewal, the Contractor will review the scopes of work to determine how best to meet mission requirements, while taking the local economy and the local business community into consideration. The following principles and practices are geared toward supplier development by helping build the capability, competency, and capacity of the local business community to enable them to provide competitive goods and services to the Contractor and improve their ability to serve other customers locally, regionally and nationally. These principles and practices will be implemented by incorporation into the acquisition policies and procedures (i.e. Acquisition Procedures), as appropriate.

- (1) *Northern New Mexico (NNM) purchasing preference. The Contractor will maximize procurement opportunities for NNM businesses whenever possible.*

A NNM business concern is a business that is actively engaged in doing business in NNM, has an operative business location in NNM, and uses labor from NNM. To meet these requirements, a business must be able to demonstrate, if and when requested, through the submission of New Mexico gross receipts tax and unemployment compensation tax forms or otherwise, that for the calendar year preceding the submission of its bid/offer:

- (a) it has been properly authorized to do business and has been operating in NNM with a staff of three or more full time equivalent employees (of which 51% must reside in NNM), and that it currently has a facility in NNM that can support the business activity contemplated by the Statement of Work / Scope of Work; or*

(b) it has historically operated in NNM with two or less full time equivalent employees who reside in NNM, it is independently owned (i.e., its owner(s) exercise(s) close control over operations and decisions which are not subject to control or the power to control by others), its majority ownership interest is held by residents of NNM, it has been properly authorized to do business in NNM and it currently has a facility in NNM that can support the business activity contemplated by the Statement of Work / Scope of Work.

In accordance with its Small Business Subcontracting Plan, the Contractor will give preference to NNM small businesses for acquisitions exceeding a competitive threshold by adding a 5% adjustment factor to be applied to the proposed total evaluated bid/cost of those qualified suppliers whose businesses do not meet the definition of a NNM small business concern. This pricing preference will be flowed down via subcontract clauses in subcontracts and purchase orders with a value of \$5 million or greater. Subcontractors and suppliers with such subcontracts and purchase orders will be required to report achievements on a semi-annual basis to their Contractor Procurement Specialist.

- (2) New services. Newly required services will be pursued via subcontracts, unless such services are required to be performed by Contractor employees. The Contractor will determine whether they possess the necessary skills or whether it is an economic or programmatic advantage to develop said skills internally prior to pursuing any subcontract solicitation or award.
- (3) Business alliances. The Contractor will actively participate with local and regional business alliances and associations, including but not limited to the Northern New Mexico Supplier Alliance, Small Business Development Centers, Minority Business Development Centers, the New Mexico 8(a) and Minority Business Association, Regional Chambers of Commerce and others that will enable development of regional small business suppliers of goods and services that are normally procured to help prepare them to compete effectively for subcontracts and purchase orders. These business alliances may include training and mentoring programs and/or encouraging the participation in regional trade associations which will better enable regional businesses to build viability, capacity and sustainability, to allow them to better satisfy Laboratory and other customer needs and/or requirements. This will include encouraging businesses to form their own mentor-protégé programs, participate in any Contractor mentor-protégé programs, or the SBA 8(a) mentor-protégé program.
- (4) Assistance. The Contractor will make prospective regional suppliers aware of sponsored supplier forums aimed at focused training on proposed EM requirements, forecasted opportunities, and how best to prepare themselves to compete on procurements. Said forums will be held on a semiannual basis and will also focus on forecasted business opportunities, how to do business with the Contractor, and matchmaking/ teaming events between large and small businesses on large and complex EM and LANL requirements. The Contractor will also endeavor to make prospective regional suppliers aware of any assistance that may be available from associations such as the Northern New Mexico Supplier Alliance (NNMSA), Regional Development Corporation (RDC), Small Business Development Centers (SBDC's), the Los Alamos Commerce and Development Corporation (LACDC), NM 8(a) and Minority Business Association, or other entities that will allow regional suppliers to better operate a successful business, build capacity and sustainability, and network among each other and learn to compete in markets other than LANL.

Some examples include, but not limited to, utilizing an independent third party auditor by small businesses that do not have the capability or the capacity to maintain and internal audit activity; getting assistance on obtaining appropriate SBA certifications or obtaining GSA contracts, co-sponsoring more matchmaking events with small and large businesses on major procurement packages that are conducive to small business set-asides, such as the recent VMS/Staff Augmentation matchmaking event; sponsoring specific forums for substantive acquisition changes such as subcontract templates, security requirements, new ES&H plans, etc.

- (5) Long-term subcontracts. When appropriate, the Contractor will award purchase orders and subcontracts for multiple-year terms to meet long term programmatic requirements for products and services and create more stable business relationships with regional strategic suppliers, such as the Blanket Ordering Agreements that will replace the legacy JIT subcontracts. The Contractor procurement strategy on commodity purchases should be to maximize Blanket Ordering Agreements to the maximum extent possible. Competition will be used to ensure best value for the Contractor and the Government. The Contractor should commit to providing small and regional local businesses the opportunities to compete for business, which will include the pricing preference to regional suppliers and subcontractors. In addition, all subcontracts and purchase orders should be reviewed to ensure that the Contractor and government are receiving value for their money. One of the initiatives should be to consolidate scopes of work wherever possible, both to decrease the cost of administration and to leverage the dollars more effectively. This may result in fewer subcontractors, but with larger scopes and values which in itself creates more stable business relationships for regional strategic suppliers. A focus will remain to maximize small business participation on all procurement opportunities via teaming arrangements and matchmaking events as discussed previously. The Contractor will direct prospective suppliers to the U.S. Small Business Administration and other financial entities that are in the business of making capital available to commercial sources.
- (6) Subcontractor transitions. In any re-competition of major on-site support subcontractors, the Contractor will require any and all offerors to submit technical and cost proposals that will maximize the stability of the workforce and to assure continuity in operations. The pricing preference cited herein will flow down to any new subcontracts that exceed \$5M that may result from any re-competition. Transition plans shall be submitted for Contractor approval prior to subcontract awards.
- (7) Financial incentives. The Contractor will continue to encourage any major support subcontractors, through performance goals tied to financial incentives, to further subcontract in a manner that to the maximum extent practicable promotes regional economic diversification.

A Consortium of Major LANL Subcontractors and the Regional Development Corporation will be available to assist successful subcontractors to leverage economic resources that will promote regional economic diversification in the seven counties and pueblos listed herein. The Consortium of Major Subcontractors is an independent organization consisting of LANL major subcontractors interested in leveraging their resources to create greater economic and community impact in the northern New Mexico Community. The Contractor does not have to be a member of the Consortium, however, representatives may be invited by the Consortium to attend quarterly meetings for informational and interactive purposes only.

- (8) Importing new businesses. The Contractor will actively participate with the Regional Development Corporation and local chambers of commerce on practices (e.g. forecasting, training, technology transfer, etc.) intended to attract businesses to northern New Mexico where regional capabilities do not exist. The Contractor will also be an active participant of the quarterly Regional Chamber meetings to communicate their procurement strategies, forecasted opportunities, and other information as may be requested by Chamber representatives.
- (9) Subcontracting for research at New Mexico colleges and universities. The Contractor shall engage New Mexico colleges and universities for acquiring research efforts in support of EM programs. The Contractor will pursue a streamlined process for acquiring research efforts in support of EM programs from New Mexico colleges and universities.

Measuring Program Success.

Program success will ultimately be measured by regional economic indicators, including the number of companies positively impacted via the pricing preference, new services acquired via subcontract as opposed to performed in-house, customer/stakeholder surveys and other program impacts that bring about economic diversification. The Contractor will measure the following:

- a. number of times a northern New Mexico small business is solicited,
- b. number of times a northern New Mexico small business responds to a solicitation,
- c. the number of times a northern New Mexico small business is solicited, responds and is successful based on the pricing preference, and
- d. the number of times a northern New Mexico small business is solicited, is responsive and awarded a purchase order/subcontract without the pricing preference playing a factor.